



# Memorandum

**TO:** MAYOR & CITY COUNCIL

**FROM:** Mayor Sam Liccardo  
Vice-Mayor Rose Herrera  
Councilmember Ash Kalra

**SUBJECT:** PHILIPS SMARTPOLE UPDATE  
AND PROPOSED AGREEMENT

**DATE:** February 20, 2015

**APPROVED**

*Sam Liccardo* FB  
2-20-15

*Rose Herrera* DB

*Ash Kalra*

2-20-15

## RECOMMENDATION

Accept staff recommendation (a) with the following direction:

1. No stand alone, external, or attached meters shall be used in this project;
2. If necessary, the City and Philips shall work in good faith toward procuring a CPUC approved solution to metering, with Philips taking primary responsibility for navigating the proposal through the CPUC process; and
3. Philips shall collaborate with P, G & E to develop and deploy a wireless metering solution within two (2) years, and be responsible for the retrofit of any previously installed SmartPoles.

Accept staff recommendation (b) with the following direction:

As to the competitive process to solicit proposals for conversion of the remaining non-LED lights citywide, direct staff to draft a RFP that:

1. Is flexible and severable in nature, allowing for multiple successful bidders to take portions of the City's retrofit initiative;
2. Allows for different approaches to financing LED retrofits, with an openness to meaningful evaluation of competing proposals with differing models;
3. Explores the use of the roughly \$9 million in available Qualified Energy Conservation Bonds (QECB) bonds to finance LED retrofits;
4. Calls for minimal capital outlay by the city, but permits some allocation through the budget process where appropriate. Where capital dollars are used, the prevailing bidders must leverage greater savings in General Fund dollars through energy and maintenance cost savings and PG & E rebates.

## **DISCUSSION**

The Philips/Ericsson partnership offers the city a unique opportunity to move San Jose forward at the “front end” of an innovative wave of technology in the telecom industry. Such opportunities do not present themselves very often.

The installation of these SmartPoles allows the City to benefit from an upgrade to state-of-the-art LED street lighting, a crucial need given our long-standing challenges getting lights repaired, and the lack of resources needed to complete the retrofit of outmoded lights to LED lights. Although the Mayor’s Green Vision calls for us to install LED lights citywide by 2022, we will have converted only about one-third of our 63,000 lights by the end of this year with no plan for funding to convert the roughly 40,000 non-LED lights remaining. The Philips “field test” will only result in another 750 LED conversions, but they’d like to do more; so would other companies. Thus, a much larger opportunity lies before us to convert the remaining 40,000 or so non-LED lights citywide.

All too often we hear complaints about local government acting slow to innovate and adapt to the realities of today’s super-connected, global world. We can change this perception. Philips and Ericsson’s initiative provides the City of San Jose with a unique win-win-win: more energy conservation, reduced expenditures on energy and maintenance, implementation of LED lighting on dark city streets, and an enhanced broadband experience for our residents. At little capital cost, and by leveraging the innovation for which this Valley has become globally renowned, we can implement a solution that leaves San Jose wealthier, better connected, and safer.